

## Energy Choice Now

Powering Michigan Through Competition

May 21, 2013



[www.ECNmichigan.com](http://www.ECNmichigan.com)

## What is Energy Choice Now

Founded in late 2010, Energy Choice Now (ECN) is a coalition supporting retail energy choice, made up of:

- Customers of various sizes
- Suppliers
- Trade associations

Since it's creation, ECN has grown rapidly to more than 1,200 members

ECN acts as a voice for customers who want choice, including 11,000 businesses stuck in the queue that have largely paid the nearly \$1 billion in rate increases since 2008.

## Michigan's History with Retail Choice

**1997-2000: High electric rates pushed free market advocates to move from monopoly to competition**

- Companies were leaving Michigan
- 2000 law by Gov. John Engler gave utilities more than \$2.2 billion "securitization" benefits and recouped stranded costs in return for a promise of competition
- Rate hikes slowed; Michigan became more competitive with nearby states

## Michigan's History with Retail Choice

**July 2000 Detroit Free Press op-ed by DTE Chairman Tony Early:**



"We embrace competition because it enables our business to grow and excel. Our goal is to be so good at what we do so that customers will choose to stick with us."

## Michigan's History with Retail Choice

**2004: "Capacity Needs Plan":** Central planning for Michigan's electric future was completed by a team made up of MPSC, local utilities and rating agency officials. Their findings were:

- A projected load growth of 2.1% annually for 20 years
- Believed Michigan wouldn't meet needs by 2009
- Determined a need for 1 new plant by 2011 and 12-14 500 MW plants by 2014



## Michigan's History with Retail Choice

**2007: "21<sup>st</sup> Century Energy Plan" -** More central planning for MI:

- Projected energy growth of 1.2% next 10 years
- Said Michigan would need a new base load (coal) plant by 2015
- Called for end to competition to allow plant construction immediately



**2008: Closed door decision to end competition in Michigan:**

- Little debate in Legislature & no Senate hearings
- Capped Retail Competition at 10% of load by utility

## Where Michigan is Today

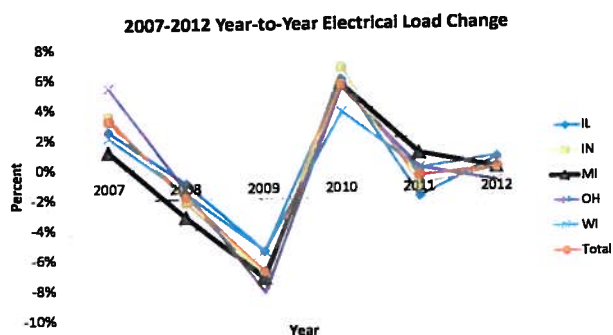
**2013: Utility testimony before MPSC:** More central planning for Michigan. The view remains the same:

- Demand is increasing and new capacity needs to be built
- New build would, once again, be rate-based placing the risks of this decision on the rate payer instead of investors/shareholders.

## What have we learned from history?

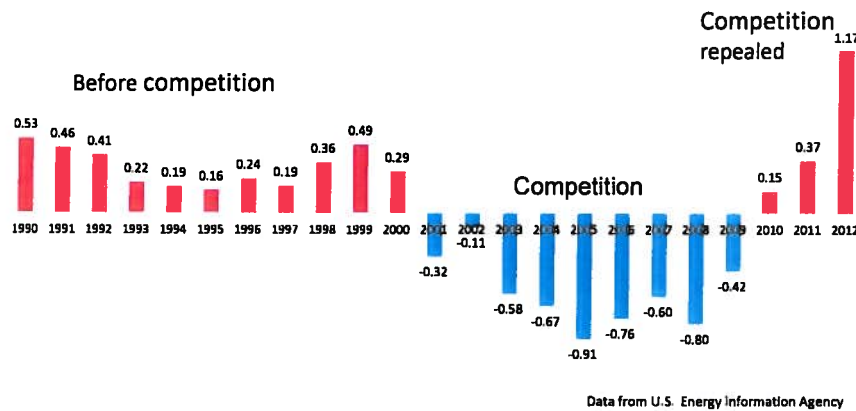
### Looking Back

- Demand didn't grow as forecasted
- Michigan rates are once again above the national average



## Competition works!

Michigan rates compared to national rates, 1990 to present



## Electric competition : The next big issue for Michigan

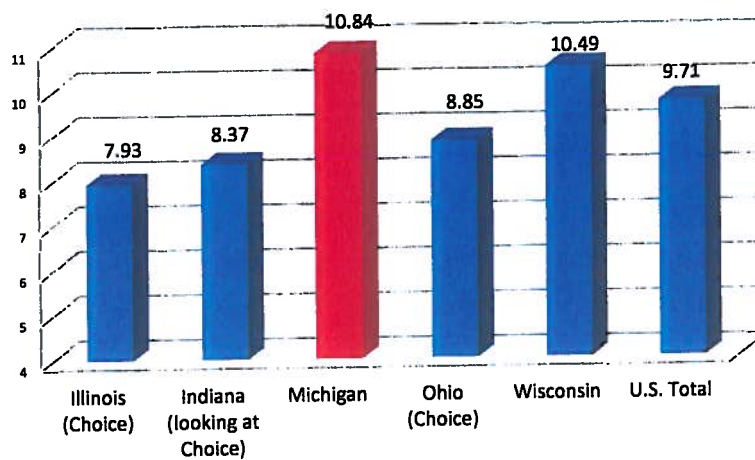
Michigan has:

- Streamlined business taxes
- Controlled the cost of government
- Restructured burdensome regulations to make MI more business-friendly

For Michigan to grow, it must address this last out-of-control cost -

- **Competition is the way to lower electric rates**

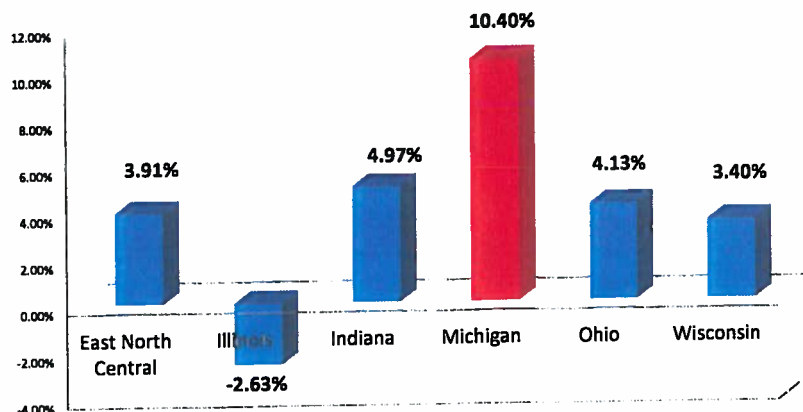
## Michigan Rates Highest in Midwest, 11.6% above U.S.



Year to date March 2013 in cents/kWh all sectors combined  
Source: US Energy Information Agency

## Michigan's Rate Increases Since 2008

### All Sector rate change, 2008-2012




\*All sector increases, comparing cents per kWh  
Source: US Energy Information Agency

## MI utilities enjoy benefits of competition in multiple states

- DTE Energy Supply sells power to Ohio residential customers at prices lower than to Michigan customers
  - Company regularly enters and wins low-bid auctions to provide power in Ohio
  - From DTE Energy Holdings website: "DTE Energy Supply provides **RELIABLE, flexible and competitively priced power supplies and price risk management services to commercial, industrial and institutional end-users in choice based markets in the Midwest and Northeast.**"
  - When it comes to other states, clearly no concerns about reliability and affordability.



## DTE Illinois ad: electricity prices less for IL than MI




**DTE Energy**  
DTE Energy Supply

**Special Offer on  
Electricity Rates  
for Gas Stations**

DTE  
commercial  
rates in  
Michigan?  
\$0.1191/kwh


*What could you do with an extra \$300 a month in your pocket?*

DTE Energy Supply, Inc. is now offering a special low rate just for gas stations in the state of Illinois. Due to your favorable electricity usage, we are able to offer you a special product that reduces electricity rates. You can enroll now and start saving your business money.



SAVE UP TO  
20% OR MORE

Special Gas Station Rate: \$0.0599 per kilowatt hour



SAVE UP TO  
20% OR MORE

Feel free to call us for more information at 888.528.0801 or if you like what you see you can enroll with DTE Energy Supply, Inc. right now. Call us and enroll over the phone using the above number. Or, you can complete the enrollment enrollment form and mail it to us.

## Competition as the Path to Governor Snyder's Goals

### Reliability

- Michigan is a member of MISO which is responsible for ensuring adequate and reliability capacity for the entire region
- New merchant generation built when and where needed in competitive markets – with the risks borne by investors, not captive utility customers
- Competition enhances reliability by driving operations and efficiency improvements

### Affordability

- In the last 20 years, the only time Michigan rates were below the national average is from 2000-2008 under full retail competition
- Since the 10% cap was put in place, Michigan's rates have sky-rocketed while wholesale prices have declined

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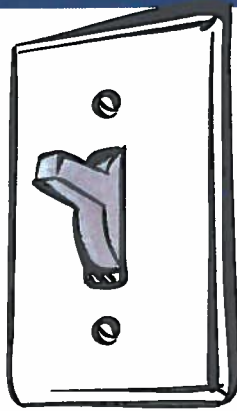
### Environmentally sound

- Increased plant efficiency results in decreased carbon emissions
- Nearly 80% of wind power is in regions with competitive electricity markets

### Adaptability

- Free markets encourage innovation
  - Various pricing systems
  - More energy efficiency options
- Free markets encourage new generation when it's needed
- Free markets get power from lowest cost, most reliable options.

It's Time to Turn on the Lights



And bring customer freedom and choice,  
to Michigan's electricity market

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